

House Consumer Protection & Commerce Committee
Monday, March 30, 2015
2:00 pm, Conf. Rm 325

Rep. McKelvey, CPC Chair
Rep. Woodson, CPC Vice Chair

RE: **Testimony In Support of HCR 134, HR 82**—Requesting a Legislative Audit of the HIREC

I strongly support HCR 134, HR 82--Requesting a Legislative Audit of the HIREC,

because as the “Community Advocate” for the Condo Transparency Group last year, I learned that the Hawaii Real Estate Commission (HIREC) had a number of mandates that addressed condominium governance. However, in my review of their operations, it was not clear whether the HIREC effectively met a number of their mandates.

A Legislative Audit would answer how effective the HIREC is in meeting its mandates. If the HIREC is collecting a mandatory “user fee” from the condo owners, which is really another form of taxation; I think it is very apropos and timely to evaluate what kind of services the HIREC is providing to condo owners in return for the mandatory fee.

Do the other stakeholders, such as the Management Companies, Attorneys and Realtors also pay fees to HIREC? If not, why not? What kind of services do the other stakeholders receive, especially if they are contributing less or not contributing to the HIREC fund(s)?

Does the HIREC adhere to the Attorney General Office’s and the DAGS, State Procurement Office’s (SPO) directives mandating that all State Offices conducting procurement business follow the DAGS, SPO policies and procedures?

For example, it is not clear whether HIREC utilizes the 3-bid process for their contracts, such as their training contracts, because I noticed that many of the same “players” are used over and over for a variety of activities. If the same individuals or entities are used more than once in the same year; does HIREC have a ‘Community Resource’ list to *vet* all of the potential vendors/providers available to provide the services to assure equitable and ‘fair play’ to all who want to compete for the contracts? Are the Requests For Proposals published in a paper that may viewers read, or is it posted on only on the HIREC website?

If HIREC elects to use the short-form contract, or requests a waiver; do they follow all of the SPO policies and procedures, including posting the information on the DAGS, SPO website?

Does the HIREC check the DAGS, Hawaii Compliance Express (HCE) database before they execute a contract to make sure that their vendors/providers have the necessary business registration and GE Tax license to do business in Hawaii? Does the HIREC check to make sure that their for-profit vendors are paying their appropriate taxes for the contracts executed by the HIREC?

More importantly, **why does the HIREC need all of the money they are collecting and how is it being used?** A review of the HIREC operations indicated that for the past several years they have had only a few trainings for condo owners and they were poorly attended; probably due to poor advertisement. Also, HIREC has provided stipends to only a handful of condo owners for mediation services. The new Mediation Program under the HIREC is slated to begin in July 2015, but what is the estimated number of owners who will be using this new service, and at what cost? What will happen to the unused portion of the fees?

Last year, the HIREC's Education/Training fund had over \$900,000 in the account. Again, how is this money being spent and what are the benefits to the condo owners? The condo owners "user fee," is really another form of taxation, so the HIREC needs to be accountable to those who are mandated to contribute to this fund; namely, the condo owners.

When owners have contacted the HIREC for technical assistance they offer very little assistance and often tell the owners to contact an attorney. HIREC claims that it is outside of their mandates to investigate owners' complaints. However, their mandates states that they may conduct investigations, or contract for investigative services.

I have personally inquired about getting someone to investigate matters such as missing monies being drained from our Condo Reserve Fund; attorney fees charged through our Delinquent Maintenance Fee Notices process (without an itemized statement for the attorney's services); and companies contracted to do condo business who are not paying their fair share of state taxes.

All of these issues are potential criminal matters that should be investigated by the state, because **mediation will not** resolve the situation or **recoup the lost monies**, such as unpaid state taxes.

I would like to support Gov. Ige in his quest to find the unpaid tax debts owed to the State. After all, if the State is willing to go after travel agents outside of Hawaii for unpaid taxes, then shouldn't we go after the "deadbeat" vendors or providers in Hawaii who are not paying their fair share of state taxes?

In closing, if condo owners have to pay a fee to the HIREC; then I would like to see, in addition to educational activities, the fees be used to provide oversight management and investigation into the owners complaints as well as enforcement of the state rules and regulations, so all condo owners have equal protection from unscrupulous Condo Boards, Property Management Co's, and their affiliated attorneys who are not providing open and honest condo operations.

I humbly ask that you pass **HCR 134, HR 82 Requesting a Legislative Audit of the HIREC**.

Thank you for your time and support on this matter.

Laurie Hirohata
Community Advocate,
Condo Transparency Group
Email: lhrohat@gmail.com

woodson2-Rachel

From: John Alestra <john.alestra@hawaiiantel.net>
Sent: Saturday, March 28, 2015 4:16 PM
To: CPCtestimony
Subject: support for HCR 134,HR82

I, John Alestra own a condominium at Royal Iolani Ewa Tower. I am a senior citizen and strongly support HCR134,HR82.

Date : 03/28/2015

Phone: 947-6772

john.alestra@hawaiiantel.net

House Consumer Protection & Commerce Committee
Monday, March 30, 2015
2:00 PM, Conf. Rm 325

Rep. McKelvey, CPC Chair
Rep. Woodson, CPC Vice Chair

RE: **Testimony in Strong Support of HCR 134, HR 82**, Requesting a Legislative Audit of the Real Estate Commission (HIREC)

I, Laura Ruby own a condominium at la Wai Cove (509 University Ave. #902

I strongly support HCR 134, HR 82 because I would like to know what kind of services the Hawaii Real Estate Commission (HIREC) is supposed to provide to condo owners, since they are collecting a “user fee” from all condo owners.

I am quite disturbed with the fact that each condo owner is charged a fee to support the HIREC Mediation and Education Fund. With Over 150,000 condo units in Hawaii, the “user fees” will add up to a very large amount. Do the other stakeholders such as the Management Companies and Attorneys who work with the Management Companies pay a fee too? If not, why not?

Why does the HIREC need all of this money and how is it being used? I have never gotten any information about workshops or other services the HIREC provides to condo owners. When owners have contacted the HIREC for technical assistance they offer very little assistance and often tell us to contact an attorney; and they consistently state that they do not investigate owners’ complaints. So, I would like to know why condo owners are assessed a “user fee,” if it doesn’t seem like owners get any benefit from it?

If condo owners have to pay a fee to the HIREC, then I would like to see the fee used to provide oversight management and investigation into our complaints so all condo owners across the state can have equal protection from Condo Boards and Property Management Co’s., especially those who are not being open and honest with us.

In closing, I ask that you please pass **HCR 134, HR 82, Requesting a Legislative Audit of the Real Estate Commission**. Thank you for your time and support on this matter.



(Sign Name)

March 28, 2015

(Date)

(Print Name)

From: Marcia Kimura <mrckima@gmail.com>
Sent: Saturday, March 28, 2015 12:26 PM
To: CPCtestimony
Subject: Support of HCR 134 and HR 82, Legislative Audit of HIREC

Dear Representative McKelvey, Chair of the CPC, Representative Woodson, Vice Chair of the CPC and Committee Members:

As a senior condo owner in Hawaii, I am in full support of the above -referenced resolution.

It is high time that the real estate commission (HIREC) make annual reports of appropriations of condo owner user fees available to owners. For several years they have collected these fees from owners, yet owners see no discernible benefits, such as seminars, educational rights protection materials, complaint investigations regarding management, or enforcement procedures against management violation of existing laws. HIREC staff continues to inform owners contacting them for investigative assistance, that HIREC cannot/will not provide any guidance or redress for the owners' grievances against management. I, as well as other owners advocate that benefits mentioned above, particularly the investigative and enforcement procedures be made available through use of the owners fees. We are instructed regularly by HIREC staff to hire attorneys. This is definitely not an option for many living on a fixed income, or any kind of income, for that matter. And, why should we spend hard-earned funds on attorneys, when, for instance, there is evidence these legal disputes are perpetrated by careless or unscrupulous actions of Boards and other management individuals? In these instances, continued threats from management can certainly result in financial ruin, and possibly loss of owners' homes, as well.

I question whether or not management and legal interests have benefited from use of our fees. If so, how have they accessed these funds, and do they contribute separately to their own user fees?

I cannot express to you more vehemently and sincerely how crucial this audit is to home owners. I respectfully ask that you vote favorably on this resolution. More than 150,000 state condo owners are depending on you for this.

Thank you for your attention to this.

Marcia Kimura
Senior Condominium Unit Owner

House Consumer Protection & Commerce Committee
Monday, March 30, 2015
2:00 PM, Conf. Rm 325

Rep. McKelvey, CPC Chair
Rep. Woodson, CPC Vice Chair

RE: **Testimony in Strong Support of HCR 134, HR 82**, Requesting a Legislative Audit of the
Real Estate Commission (HIREC)

I, Margaret F. Ojima own a condominium at Hono Hale Towers.
(Name of Condo)

I am a Senior Citizen and live on a fixed income and cannot afford the ever-increasing fees, especially fees that do not seem to benefit me.

I strongly support HCR 134, HR 82 because I would like to know what kind of services the Hawaii Real Estate Commission (HIREC) is supposed to provide to condo owners, since they are collecting a "user fee" from all condo owners.

With Over 150,000 condo units in Hawaii, the "user fees" will add up to a very large amount. Do the other stakeholders such as the Management Companies and Attorneys who work with the Management Companies pay a fee too? If not, why not?

Why does the HIREC need all of this money and how is it being used? I have never gotten any information about workshops or other services the HIREC provides to condo owners. When owners have contacted the HIREC for technical assistance they offer very little assistance and often tell us to contact an attorney; and they consistently state that they do not investigate owners' complaints. So, I would like to know why condo owners are assessed a "user fee," if it doesn't seem like owners get any benefit from it?

If condo owners have to pay a fee to the HIREC, then I would like to see the fee used to provide oversight management and investigation into our complaints so all condo owners across the state can have equal protection from Condo Boards and Property Management Co's., especially those who are not being open and honest with us.

In closing, I ask that you please pass **HCR 134, HR 82, Requesting a Legislative Audit of the Real Estate Commission**. Thank you for your time and support on this matter.

Margaret F. Ojima
(Sign Name)

3/29/2015
(Date)

Margaret F. Ojima
(Print Name)

(808) 947 1175
(Email or Phone)

House Consumer Protection & Commerce Committee
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Rep. McKelvey, CPC Chair
Rep. Woodson, CPC Vice Chair

RE: **Testimony in Strong Support of HCR 134, HR 82**, Requesting a Legislative Audit of the Real Estate Commission (HIREC)

I, Karen Kagawa own a condominium at Hono Hale Tower.
(Name of Condo)

I strongly support HCR 134, HR 82 because I would like to know what kind of services the Hawaii Real Estate Commission (HIREC) is supposed to provide to condo owners, since they are collecting a "user fee" from all condo owners.

I am quite disturbed with the fact that each condo owner is charged a fee to support the HIREC Mediation and Education Fund. With Over 150,000 condo units in Hawaii, the "user fees" will add up to a very large amount. Do the other stakeholders such as the Management Companies and Attorneys who work with the Management Companies pay a fee too? If not, why not?

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In closing, I ask that you please pass **HCR 134, HR 82, Requesting a Legislative Audit of the Real Estate Commission**. Thank you for your time and support on this matter.

Karen Kagawa
(Sign Name)

3-28-15
(Date)

Karen Kagawa
(Print Name)

808-942-5549
(Email or Phone)

House Consumer Protection & Commerce Committee
Monday, March 30, 2015
2:00 PM, Conf. Rm 325

Rep. McKelvey, CPC Chair
Rep. Woodson, CPC Vice Chair

RE: **Testimony in Strong Support of HCR 134, HR 82**, Requesting a Legislative Audit of the
Real Estate Commission (HIREC)

I, Rui Xing Tan own a condominium at HONO HALE TOWERS.


I strongly support HCR 134, HR 82 because I would like to know what kind of services the Hawaii Real Estate Commission (HIREC) is supposed to provide to condo owners, since they are collecting a "user fee" from all condo owners.

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In closing, I ask that you please pass **HCR 134, HR 82, Requesting a Legislative Audit of the Real Estate Commission**. Thank you for your time and support on this matter.


(Sign Name)

03/28/15
(Date)

Rui Xing Tan
(Print Name)

(Email or Phone)

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Rep. McKelvey, CPC Chair
Rep. Woodson, CPC Vice Chair

RE: **Testimony in Strong Support of HCR 134, HR 82**, Requesting a Legislative Audit of the Real Estate Commission (HIREC)

I, Xinghua Li own a condominium at HONO HALE TOWERS.

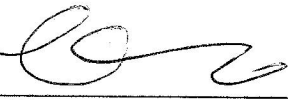
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In closing, I ask that you please pass **HCR 134, HR 82, Requesting a Legislative Audit of the Real Estate Commission**. Thank you for your time and support on this matter.


(Sign Name)

03/28/15
(Date)

Xinghua Li
(Print Name)

(Email or Phone)

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Rep. McKelvey, CPC Chair
Rep. Woodson, CPC Vice Chair

RE: **Testimony in Strong Support of HCR 134, HR 82**, Requesting a Legislative Audit of the Real Estate Commission (HIREC)

I, Sufen Huang own a condominium at HONO HALE TOWERS.

I strongly support HCR 134, HR 82 because I would like to know what kind of services the Hawaii Real Estate Commission (HIREC) is supposed to provide to condo owners, since they are collecting a "user fee" from all condo owners.

I am quite disturbed with the fact that each condo owner is charged a fee to support the HIREC Mediation and Education Fund. With Over 150,000 condo units in Hawaii, the "user fees" will add up to a very large amount. Do the other stakeholders such as the Management Companies and Attorneys who work with the Management Companies pay a fee too? If not, why not?

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If condo owners have to pay a fee to the HIREC, then I would like to see the fee used to provide oversight management and investigation into our complaints so all condo owners across the state can have equal protection from Condo Boards and Property Management Co's., especially those who are not being open and honest with us.

In closing, I ask that you please pass **HCR 134, HR 82, Requesting a Legislative Audit of the Real Estate Commission**. Thank you for your time and support on this matter.

Sufen Huang
(Sign Name)
Sufen Huang
(Print Name)

03/28/15
(Date)

(Email or Phone)

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Rep. McKelvey, CPC Chair
Rep. Woodson, CPC Vice Chair

RE: **Testimony in Strong Support of HCR 134, HR 82**, Requesting a Legislative Audit of the Real Estate Commission (HIREC)

I, ELSA LIU own a condominium at HONO HALE TOWERS.


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In closing, I ask that you please pass **HCR 134, HR 82, Requesting a Legislative Audit of the Real Estate Commission**. Thank you for your time and support on this matter.


(Sign Name)

Mar - 28 - 15
(Date)

PIK SHAN LIU
(Print Name)

(Email or Phone)

House Consumer Protection & Commerce Committee
Monday, March 30, 2015
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Rep. McKelvey, CPC Chair
Rep. Woodson, CPC Vice Chair

RE: **Testimony in Strong Support of HCR 134, HR 82**, Requesting a Legislative Audit of the
Real Estate Commission (HIREC)

I, Danny Lin own a condominium at HONO HALE TOWERS.

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If condo owners have to pay a fee to the HIREC, then I would like to see the fee used to provide oversight management and investigation into our complaints so all condo owners across the state can have equal protection from Condo Boards and Property Management Co's., especially those who are not being open and honest with us.

In closing, I ask that you please pass **HCR 134, HR 82, Requesting a Legislative Audit of the Real Estate Commission**. Thank you for your time and support on this matter.

(Signature)
(Sign Name)

Mar - 28 - 15
(Date)

Danny Lin
(Print Name)

(Email or Phone)

House Consumer Protection & Commerce Committee
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Rep. McKelvey, CPC Chair
Rep. Woodson, CPC Vice Chair

RE: **Testimony in Strong Support of HCR 134, HR 82**, Requesting a Legislative Audit of the
Real Estate Commission (HIREC)

I, Sin Ming Ling own a condominium at HONO HALE TOWERS.

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In closing, I ask that you please pass **HCR 134, HR 82, Requesting a Legislative Audit of the Real Estate Commission**. Thank you for your time and support on this matter.

Sin Ming Ling
(Sign Name)

May - 28 - 15
(Date)

Sin Ming Ling
(Print Name)

(Email or Phone)

House Consumer Protection & Commerce Committee
Monday, March 30, 2015
2:00 PM, Conf. Rm 325

Rep. McKelvey, CPC Chair
Rep. Woodson, CPC Vice Chair

RE: **Testimony in Strong Support of HCR 134, HR 82**, Requesting a Legislative Audit of the Real Estate Commission (HIREC)

I, Ingrid Tota own a condominium at Makaha Surfside #A203
(Name of Condo)

I strongly support HCR 134, HR 82 because I would like to know what kind of services the Hawaii Real Estate Commission (HIREC) is supposed to provide to condo owners, since they are collecting a "user fee" from all condo owners.

I am quite disturbed with the fact that each condo owner is charged a fee to support the HIREC Mediation and Education Fund. With Over 150,000 condo units in Hawaii, the "user fees" will add up to a very large amount. Do the other stakeholders such as the Management Companies and Attorneys who work with the Management Companies pay a fee too? If not, why not?

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In closing, I ask that you please pass **HCR 134, HR 82, Requesting a Legislative Audit of the Real Estate Commission**. Thank you for your time and support on this matter.

(Sign Name)



(Date)

3-28-15

(Print Name)

Ingrid Tota

(Email or Phone)

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Rep. McKelvey, CPC Chair
Rep. Woodson, CPC Vice Chair

RE: **Testimony in Strong Support of HCR 134, HR 82**, Requesting a Legislative Audit of the
Real Estate Commission (HIREC)

I, Kimberly Sanchez own a condominium at Bardley
(Name of Condo)

I strongly support HCR 134, HR 82 because I would like to know what kind of services the Hawaii Real Estate Commission (HIREC) is supposed to provide to condo owners, since they are collecting a "user fee" from all condo owners.

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In closing, I ask that you please pass **HCR 134, HR 82, Requesting a Legislative Audit of the Real Estate Commission**. Thank you for your time and support on this matter.

Kimberly Sanchez
(Sign Name)

Kim Sanchez
(Print Name)

03-28-16
(Date)

542-8721
(Email or Phone)

House Consumer Protection & Commerce Committee
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Rep. McKelvey, CPC Chair
Rep. Woodson, CPC Vice Chair

RE: **Testimony in Strong Support of HCR 134, HR 82**, Requesting a Legislative Audit of the
Real Estate Commission (HIREC)

I, Georgia Nimoto own a condominium at Parkland Gardens.
(Name of Condo)

I strongly support HCR 134, HR 82 because I would like to know what kind of services the Hawaii Real Estate Commission (HIREC) is supposed to provide to condo owners, since they are collecting a “user fee” from all condo owners.

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Georgia Nimoto
(Sign Name)

3/28/2015
(Date)

GEORGIA NIMOTO
(Print Name)

nimoto@hawaii.edu
(Email or Phone)

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Rep. McKelvey, CPC Chair
Rep. Woodson, CPC Vice Chair

RE: **Testimony in Strong Support of HCR 134, HR 82**, Requesting a Legislative Audit of the
Real Estate Commission (HIREC)

I, ERNEST F. PEREIRA JR. own a condominium at HONO HALE TOWERS.
(Name of Condo)

I am a Senior Citizen and live on a fixed income and cannot afford the ever-increasing fees, especially fees that do not seem to benefit me.

I strongly support HCR 134, HR 82 because I would like to know what kind of services the Hawaii Real Estate Commission (HIREC) is supposed to provide to condo owners, since they are collecting a "user fee" from all condo owners.

With Over 150,000 condo units in Hawaii, the "user fees" will add up to a very large amount. Do the other stakeholders such as the Management Companies and Attorneys who work with the Management Companies pay a fee too? If not, why not?

Why does the HIREC need all of this money and how is it being used? I have never gotten any information about workshops or other services the HIREC provides to condo owners. When owners have contacted the HIREC for technical assistance they offer very little assistance and often tell us to contact an attorney; and they consistently state that they do not investigate owners' complaints. So, I would like to know why condo owners are assessed a "user fee," if it doesn't seem like owners get any benefit from it?

If condo owners have to pay a fee to the HIREC, then I would like to see the fee used to provide oversight management and investigation into our complaints so all condo owners across the state can have equal protection from Condo Boards and Property Management Co's., especially those who are not being open and honest with us.

In closing, I ask that you please pass **HCR 134, HR 82, Requesting a Legislative Audit of the Real Estate Commission**. Thank you for your time and support on this matter.

Ernest F. Pereira Jr.
(Sign Name)

03-28-2015
(Date)

ERNEST F. PEREIRA JR.
(Print Name)

(Email or Phone)

House Consumer Protection & Commerce Committee
Monday, March 30, 2015
2:00 PM, Conf. Rm 325

Rep. McKelvey, CPC Chair
Rep. Woodson, CPC Vice Chair

RE: **Testimony in Strong Support of HCR 134, HR 82**, Requesting a Legislative Audit of the
Real Estate Commission (HIREC)

I, Ingrid Tota own a condominium at Honolulu C 35 / HHT
TOWNS C 45 / HHT
C 64 / HHT
(Name of Condo)
C 104 / HHT

I strongly support HCR 134, HR 82 because I would like to know what kind of services the Hawaii Real Estate Commission (HIREC) is supposed to provide to condo owners, since they are collecting a "user fee" from all condo owners.

I am quite disturbed with the fact that each condo owner is charged a fee to support the HIREC Mediation and Education Fund. With Over 150,000 condo units in Hawaii, the "user fees" will add up to a very large amount. Do the other stakeholders such as the Management Companies and Attorneys who work with the Management Companies pay a fee too? If not, why not?

Why does the HIREC need all of this money and how is it being used? I have never gotten any information about workshops or other services the HIREC provides to condo owners. When owners have contacted the HIREC for technical assistance they offer very little assistance and often tell us to contact an attorney; and they consistently state that they do not investigate owners' complaints. So, I would like to know why condo owners are assessed a "user fee," if it doesn't seem like owners get any benefit from it?

If condo owners have to pay a fee to the HIREC, then I would like to see the fee used to provide oversight management and investigation into our complaints so all condo owners across the state can have equal protection from Condo Boards and Property Management Co's., especially those who are not being open and honest with us.

In closing, I ask that you please pass **HCR 134, HR 82, Requesting a Legislative Audit of the Real Estate Commission**. Thank you for your time and support on this matter.

Ingrid Tota
(Sign Name)

3-28-15
(Date)

Ingrid Tota
(Print Name)

oceanbreezes77@gmail.com
oceanbreezes77
(Email or Phone)

House Consumer Protection & Commerce Committee
Monday, March 30, 2015
2:00 PM, Conf. Rm 325

Rep. McKelvey, CPC Chair
Rep. Woodson, CPC Vice Chair

RE: **Testimony in Strong Support of HCR 134, HR 82**, Requesting a Legislative Audit of the
Real Estate Commission (HIREC)

I, Sheila Young own a condominium at C53 Hono Hale.
(Name of Condo)

I am a Senior Citizen and live on a fixed income and cannot afford the ever-increasing fees, especially fees that do not seem to benefit me.

I strongly support HCR 134, HR 82 because I would like to know what kind of services the Hawaii Real Estate Commission (HIREC) is supposed to provide to condo owners, since they are collecting a "user fee" from all condo owners.

With Over 150,000 condo units in Hawaii, the "user fees" will add up to a very large amount. Do the other stakeholders such as the Management Companies and Attorneys who work with the Management Companies pay a fee too? If not, why not?

Why does the HIREC need all of this money and how is it being used? I have never gotten any information about workshops or other services the HIREC provides to condo owners. When owners have contacted the HIREC for technical assistance they offer very little assistance and often tell us to contact an attorney; and they consistently state that they do not investigate owners' complaints. So, I would like to know why condo owners are assessed a "user fee," if it doesn't seem like owners get any benefit from it?

If condo owners have to pay a fee to the HIREC, then I would like to see the fee used to provide oversight management and investigation into our complaints so all condo owners across the state can have equal protection from Condo Boards and Property Management Co's., especially those who are not being open and honest with us.

In closing, I ask that you please pass **HCR 134, HR 82, Requesting a Legislative Audit of the Real Estate Commission**. Thank you for your time and support on this matter.

Sheila Young
(Sign Name)

Sheila Young
(Print Name)

3/28/15
(Date)

957-0351
(Email or Phone)

House Consumer Protection & Commerce Committee
Monday, March 30, 2015
2:00 PM, Conf. Rm 325

Rep. McKelvey, CPC Chair
Rep. Woodson, CPC Vice Chair

RE: **Testimony in Strong Support of HCR 134, HR 82**, Requesting a Legislative Audit of the
Real Estate Commission (HIREC)

I, Bonnie Matsumoto own a condominium at Hono Hale Towers.
(Name of Condo)

I strongly support HCR 134, HR 82 because I would like to know what kind of services the Hawaii Real Estate Commission (HIREC) is supposed to provide to condo owners, since they are collecting a “user fee” from all condo owners.

I am quite disturbed with the fact that each condo owner is charged a fee to support the HIREC Mediation and Education Fund. With Over 150,000 condo units in Hawaii, the “user fees” will add up to a very large amount. Do the other stakeholders such as the Management Companies and Attorneys who work with the Management Companies pay a fee too? If not, why not?

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If condo owners have to pay a fee to the HIREC, then I would like to see the fee used to provide oversight management and investigation into our complaints so all condo owners across the state can have equal protection from Condo Boards and Property Management Co’s., especially those who are not being open and honest with us.

In closing, I ask that you please pass **HCR 134, HR 82, Requesting a Legislative Audit of the Real Estate Commission**. Thank you for your time and support on this matter.

Bonnie Matsumoto
(Sign Name)

3/29/15
(Date)

Bonnie Matsumoto
(Print Name)

(Email or Phone)

Rep. McKelvey, CPC Chair
Rep. Woodson, CPC Vice Chair

(Name of Condo)

In closing, I ask that you please pass **HCR 134, HR 82, Requesting a Legislative Audit of the Real Estate Commission.** Thank you for your time and support on this matter.

2015 _____ March 28,
(Sign Name) (Date)

Doreen
Shuster _____ chinshuster@yahoo.com _____
(Print Name) (Email or Phone)

House Consumer Protection & Commerce Committee

Monday, March 30, 2015

2:00 PM, Conf. Rm 325

Rep. McKelvey, CPC Chair

Rep. Woodson, CPC Vice Chair

RE: **Testimony in Strong Support of HCR 134, HR 82**, Requesting a Legislative Audit of the Real Estate Commission (HIREC)

I, HANS M.B. GERNER own a condominium at MT. TERRACE.
(Name of Condo)

I am a Senior Citizen and live on a fixed income and cannot afford the ever-increasing fees, especially fees that do not seem to benefit me.

I strongly support HCR 134, HR 82 because I would like to know what kind of services the Hawaii Real Estate Commission (HIREC) is supposed to provide to condo owners, since they are collecting a "user fee" from all condo owners.

With Over 150,000 condo units in Hawaii, the "user fees" will add up to a very large amount. Do the other stakeholders such as the Management Companies and Attorneys who work with the Management Companies pay a fee too? If not, why not?

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If condo owners have to pay a fee to the HIREC, then I would like to see the fee used to provide oversight management and investigation into our complaints so all condo owners across the state can have equal protection from Condo Boards and Property Management Co's., especially those who are not being open and honest with us.

In closing, I ask that you please pass **HCR 134, HR 82, Requesting a Legislative Audit of the Real Estate Commission**. Thank you for your time and support on this matter.

Hans M.B. Gerner
(Sign Name)

3/28/15
(Date)

HANS M.B. GERNER
(Print Name)

aloha.gerner@gmail.com
(Email or Phone)

3/28/2015

**PRESENTATION OF THE
REAL ESTATE COMMISSION**

TO THE HOUSE COMMITTEE ON
CONSUMER PROTECTION & COMMERCE

TWENTY-EIGHTH LEGISLATURE
Regular Session of 2015

March 30, 2015
2:00 p.m.

**TESTIMONY ON HOUSE CONCURRENT RESOLUTION NO. 134 AND HOUSE
RESOLUTION NO. 82 - REQUESTING THE AUDITOR TO CONDUCT AN AUDIT OF
POLICIES, PROCEDURES, AND MANAGEMENT OF THE REAL ESTATE
COMMISSION.**

TO THE HONORABLE ANGUS L.K. MCKELVEY, CHAIR,
AND MEMBERS OF THE COMMITTEE:

My name is Nikki Senter and I am the Chairperson of the Hawaii Real Estate Commission ("Commission"). The Commission appreciates the opportunity to present comments on House Concurrent Resolution No. 134 and House Resolution No. 82, requesting the Auditor to conduct an audit of policies, procedures, and management of the Real Estate Commission. The companion resolutions are Senate Concurrent Resolution No. 111 and Senate Resolution No. 62. The Senate Committee on Commerce and Consumer Protection heard the companion Senate Concurrent Resolution on March 27, 2015, and passed the resolution out of committee with amendments.

The Commission is committed to improving its policies, procedures, and management of those areas relating to carrying out its many statutory responsibilities. Accordingly, the Commission offers the following comments in connection with House Concurrent Resolution No. 134 and House Resolution No. 82:

- The Commission and the Department of Commerce and Consumer Affairs ("DCCA") formally transmit annual reports to the Governor and the Legislature about the programs, management, income and expenditures that it administers. Moreover, the reports are posted at the Commission's website at: <http://cca.hawaii.gov/reb/reports/> and at <http://cca.hawaii.gov/reports/prior-year-reports/>.
- In accordance with section 23-12 (b), Hawaii Revised Statutes ("HRS"), which provides in part that each special, revolving, and trust fund be reviewed every five years and that the review include an evaluation of the original intent and purpose of each fund; the Auditor reviews the degree to which each fund achieves the stated and claimed purposes; and evaluation of performance standards established by the agency. In the past, 1995, 2005, 2008, 2010, the Auditor has conducted four reviews of the Condominium Management Education Trust Fund with the next review shortly. The Auditor reviews the Commission's management of the fund's programs and expenditures of the fund made by the Commission and concluded each time that the Fund meets trust fund criteria, continues to serve the purpose for which the Fund was created, and does not require general fund appropriations. The Auditor also reports that its audit methodology includes a review of performance standards reported by the agencies and other documents as appropriate.

- The fundamental principle of the condominium statute is self-governance and limited government involvement. Generally, it appears from the testimonies submitted on March 20, 2015, before the House Committee on Economic Development and Business on these resolutions, that the testifiers want more government involvement to investigate and resolve all condominium unit owners' complaints and not just those relating to the current specific areas relating to association registration (HRS §514B-103), managing agents (HRS §514B-132), management and contracts (HRS §514B-134), association fiscal matters; handling and disbursement of funds (HRS §514B-149), association records; generally (HRS §514B-152), association records; records to be maintained (HRS §514B-153), association records; availability (HRS §514B-154) and association documents to be provided (HRS §514B -154.5).
- Self-governance is working. It appears for the vast majority of condominium unit owners of associations registered with the Commission (as of 2/28/15 approximately 159,663 unit owners), the legislative mandate for self-governance and owner enforcement of the condominium law is achievable. The Commission has assisted and has received a number of reports from unit owners that the self-help provisions of the condominium law have worked to remove board members and elect new members, have amended the condominium declarations and bylaws to include more responsive self-governance declaration and bylaw

provisions; have worked to change condominium managing agents; and have allowed mediation of disputes with the board and or other unit owners.

- Conversely, the Commission receives reports from unit owners that the current self-help provisions of the condominium law has not resulted in their being able to elect new members, amend favorable declaration and bylaw provisions, change the condominium managing agent; has resulted in devastating unit owners with mounting expenses including attorney's fees to resolve conflicts with the board and or other unit owners and has not resulted in their being able to mediate their disputes.
- As an alternative, these resolutions should instead request the assistance of the Legislative Reference Bureau to complete a study of the self-help governance model that is part and parcel of the current condominium law and provide the information and background for retooling a self-governance management model that may be more responsive to the needs of all unit owners, managing agents, and developers.

As to the specifics of the audit as set forth on page 2, lines 4-20, the Commission provides the following comments:

- The Commission understands that pursuant to section 26-9(m), HRS, all boards, commissions, and regulatory programs placed within the Department for administrative purposes shall delegate their authority to receive, arbitrate, investigate, and prosecute complaints to the Department. The Commission is

unaware of any award of contracts it has made to other entities to carry out investigations.

- For the past eight months, the Commission's Blue Ribbon Committee (for the Commission's review and consideration) has been working on drafting a version of the administrative rules to implement the recodified condominium law for review, input and comment by the larger condominium community. Its last meeting in December 2014 concluded with reworking proposed reserve rules and the Association meetings. A select group of condominium unit owners were invited to provide input on various governance rules especially in the area of availability of governance documents and information for unit owners.

Commission's staff anticipates the Commission will be circulating the final draft version of the proposed rules to the larger condominium community sometime after the legislative session ends, and thereafter, requesting for approval and comments from the required administrative agencies and the Attorney General; ending with requesting the Governor's permission to hold public hearings on the proposed condominium rules. If these resolutions are adopted, by the time the Auditor concludes the audit, the Commission anticipates it will be at or close to the public hearing stage of its administrative rulemaking process for Chapter 514B, HRS.

- If the resolutions are adopted, by the time the Auditor concludes the audit, in addition to the continuing administration of the existing program for facilitative

mediation, the Commission will be in the midst of administering for the benefit of condominium unit owners and board members a program involving evaluative mediation of condominium disputes pursuant to Act 187 (SLH 2013).

Thank you for the opportunity to present comments on House Concurrent Resolution No. 134 and House Resolution No. 82.

LATE

woodson2-Rachel

From: Lila Mower <lila.m@hawaiiantel.net>
Sent: Sunday, March 29, 2015 10:10 PM
To: CPCtestimony
Cc: Rep. Angus McKelvey; Rep. Justin Woodson; Rep. Mark Hashem; Rep. Bertrand Kobayashi; Rep. Marcus Oshiro; Rep. Della Belatti; Rep. Tom Brower; Rep. Richard Creagan; Rep. Sharon Har; Rep. Derek Kawakami; Rep. Chris Lee; Rep. Mark Nakashima; Rep. Joy San Buenaventura; Rep. Gregg Takayama; Rep. Ryan Yamane; Rep. Beth Fukumoto Chang; Rep. Bob McDermott
Subject: testimony in SUPPORT OF HCR134, HR82

HOUSE COMMITTEE ON CONSUMER PROTECTION AND COMMERCE

Senator Angus McKelvey, CPC Chair
Senator Justin Woodson, CPC Vice-Chair and
Senators of the House Committee on Consumer Protection

TESTIMONY IN SUPPORT OF HCR134, HR82

At ONE single condo, during a SINGLE year which is not yet over, I observed:

Board members who effectively vacated their seats according to the condo's By-Laws but ignored that rule to continue to enact Association business, potentially making contracts and agreements that they entered into avoidable;

A Board President who "misappropriated" Association funds, used Association employees and property for his own personal use but whose selfish actions were dismissed by the Board, while the same Board penalized (fined) a condo owner whose dog accidentally escaped from his apartment to briefly run up and down the hall;

A Board which entered into an unwritten agreement with a group headed by an owner-friend of the Board President's and waived her \$2000 to \$3000 share of the expenses when she claimed inability to pay, while this Board also assessed questionable penalties amplified with attorney's fees (without a detailed billing statement) to owners who learned that they have no right to dispute these charges until AFTER the charges are paid;

A Board which ignored our By-Laws regarding elections—including a prohibition against incumbent members who use Association funds to solicit proxies (votes) from using proxies assigned to the Board--and allowed those incumbent Board members to use those Board-assigned proxies to re-elect themselves;

The Association's attorney who discouraged condo owners from pursuing amelioration by saying that if they file complaints or pursue legal action, they will adversely affect the value and reputation of the property and may increase their own insurance costs, thus securing these condo owners' silence.

It is unclear whether these actions are legal, but they give the appearance of impropriety, and unfortunately, these actions do not fall under the purview of HIREC. Instead, HIREC advises condo owners who seek remedies to retain their own attorneys at their own expense to face the Association's attorney for whom they also pay (through their maintenance fees).

This is the type of "self-governance" we condo owners experience, but it is not the one that we owners deserve.

Please pass HCR 134 / HR82 so that some of the funds that we pay every month towards the "condo fund" will be used by HIREC to benefit and protect condo owners. We need greater dissemination of education, including that of our rights and training in parliamentary procedures, so that we owners cannot be cheated into silence, intimidated by esoteric parliamentary and legal processes that are foreign to most. We owners need HIREC to have and implement greater investigative and enforcement powers to assist us when we are unfairly victimized or unevenly penalized. Without these, we condo owners do not have the true fair, honest, and representative self-governance that we deserve.

Thank you.

Lila Mower